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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 22, 2000

APPLICATION OF

SOUTHSIDE ELECTRIC COOPERATIVE, INC.      CASE NO. PUE000179

For clarification of certificated  
area, or, in the alternative, a  
reclassification and certification  
of a previous service area pursuant  
to § 56-265.1 et seq. of the Code  
of Virginia

FINAL ORDER

On April 3, 2000, Southside Electric Cooperative ("Southside" or "the Cooperative") filed an application with the State Corporation Commission ("Commission"), pursuant to § 56-265.1 et seq. of the Code of Virginia, seeking "clarification of its certificated service areas or in the alternative, the reclassification and certification of its previous service areas" so as to include the territory comprising Fort Pickett within the Cooperative's service area. According to Southside's application, Fort Pickett is a 45,000 acre United States military installation located in Nottoway, Dinwiddie, and Brunswick Counties, Virginia. Southside represents in its application that since the Cooperative's inception as an electrical utility cooperative in 1937, it served all of the area surrounding and including Fort Pickett's 45,000 acres until

that territory was condemned by, and title was transferred to, the federal government.

According to Southside's application, Fort Pickett was established by the federal government in April 1942. Subsequent to taking possession of the territory for Fort Pickett, the federal government constructed, managed, and maintained its own electrical utility delivery system within the bounds of Fort Pickett to the exclusion of all other electric utility companies. In July 1995, the Federal Government Base Realignment and Closure Commission recommended that Fort Pickett be closed, except for the essential training areas and facilities used for reserve components. Fort Pickett was scheduled for closure on September 30, 1997.

On April 18, 2000, the Town of Blackstone ("the Town" or "Blackstone"), by counsel, filed a notice of protest wherein it advised the Commission of its interest in the proceeding and of its intent to participate fully as a Protestant in the proceeding by, among other things, submitting evidence at any hearing to be held on Southside's application.

On April 26, 2000, the Commission issued a procedural order in the captioned matter, setting the matter for hearing for July 25, 2000.

In response to a joint request of the Cooperative and the Town, the Commission issued an Amended Procedural Order on

May 18, 2000, establishing a revised procedural schedule for the Cooperative, the Town, other Protestants, Staff and public witnesses. The May 18 Order retained the July 25, 2000, hearing date to receive the testimony of public witnesses, and continued the matter for hearing before the Commission to September 6, 2000.

The matter was called for hearing on July 25, 2000. No public witnesses appeared at that hearing.

At page 12 of Exhibit No. JLP-7, received at the September 6 hearing, Blackstone indicated that it did not object to Southside being certificated to serve the Fort Pickett territory so long as the Town could continue to serve its own water and sewer facilities located in the Fort Pickett territory and so long as the area certificated to the Cooperative excluded the National Guard Armory ("Armory"), located at the juncture of Routes 40 and 668 within Fort Pickett. The Town asserted in its testimony that it had been providing electric service to the Armory since January 27, 1988.

By letter dated August 31, 2000, subsequently identified as Exhibit No. 9, the Town and Southside advised the Commission that they proposed to submit the prefiled testimonies of the Cooperative, the Staff, and the Town into the record without cross-examination and without calling any witnesses to testify, and had reached an agreement in principle relating to the water

and sewer plants located within the boundaries of Fort Pickett. As part of this agreement, Southside represented that while it did not agree that Blackstone had the legal right to provide electric service to the water and sewer plants over Southside's objection, it did not object to Blackstone constructing an electric distribution line to these plants and providing electric service to the facilities for an indefinite period of time. Under the terms of the Town and Southside's agreement, Blackstone would not be permitted to serve any other customers from the distribution line to the plants within any portion of Fort Pickett that the Commission allotted to the Cooperative.

Further, in Exhibit No. 9, Southside agreed that it had no objection to the Town continuing to provide electric service to the National Guard Armory for an indefinite period of time as long as the Armory desired to receive electric service from Blackstone. Southside requested that the Armory property be certificated as part of its service territory. Blackstone opposed this request for certification. The Town and Southside requested that the Commission hear argument on whether the Armory property should be certificated as part of Southside's service territory.

At the September 6, 2000, hearing, the prefiled direct testimonies of Southside, Staff, and the Town were received into the record without cross-examination. Through the testimony

received at the hearing and argument of counsel, Southside advised that it had been selected by the federal government on June 30, 2000, to provide electric service to the Fort Pickett territory. This territory includes a 1,098 acre area (the "excessed area") being converted to private use as part of the Base Closure and Realignment action authorized by Congress and areas being retained by the government, (the "retained area") i.e., the main cantonment area, most of the administrative building, barracks, ammunition storage, and range areas, as well as the balance of the 45,000 acres being retained for military use. A local reuse authority has been appointed to oversee the conversion of the excessed area from military to private use. The Cooperative advised that it did not challenge the Commission's jurisdiction to certificate the entire territory comprising Fort Pickett pursuant to the Commission's authority under the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 et seq.) of Title 56 of the Code of Virginia.

Counsel for Southside and Blackstone offered oral argument at the September 6 hearing on the issue of whether the Armory should be allotted to the Cooperative as part of Southside's certificated service territory.

On September 11, 2000, the Town and Southside filed a Joint Motion to reopen the record to receive a supplemental exhibit. This supplemental exhibit set forth the Cooperative's and Town's

agreement regarding the operation of a distribution line to provide electric power to the Town's water and sewer treatment plants depicted on a survey plat, appended as Attachment 1 to Exhibit JLP-7, and bearing street addresses of Building 3430, Garnett Avenue, Fort Pickett, Virginia 23824, and Building 2010, Garnett Avenue, Fort Pickett, Virginia 23824 respectively. A map attached to the supplemental exhibit set forth a proposed route agreed to by Southside and the Town for the Town's distribution line to the water and sewer treatment plants. The agreement indicated that if the route identified on the map could not be followed as result of the Town's inability to obtain the necessary easements or due to engineering or other problems, the parties agreed that the Town and Southside would select an alternative route for the distribution line that would be mutually agreeable to those parties. The parties reserved the right to ask the Commission to resolve the matter if they could not agree on the location for an alternative route for the line.

NOW THE COMMISSION, upon consideration of the record herein, the Joint Motion to Reopen the Record filed by the Town and Southside, and the applicable statutes, is of the opinion and finds that the Joint Motion of the Town and Southside should be granted; that the September 11, 2000, letter, together with the accompanying map attached to the Joint Motion, should be

received as Supplemental Exhibit No. 10 in this proceeding; and that based on the record developed in this proceeding, it is in the public interest for the retained area in the territory comprising Fort Pickett, as well as the territory designated by the U.S. Government as the excessed area, to be certificated to Southside pursuant to § 56-265.3 of the Code of Virginia. We further find that it is not in the public interest for Southside to serve the National Guard Armory, and we exclude from the territorial allotment made herein the National Guard Armory property identified on Attachment 2 to Exhibit No. JLP-7. Additionally, we find that pursuant to § 56-265.2 of the Code of Virginia, Southside may construct, enlarge or acquire, by lease or otherwise, facilities for use in public utility service within the retained and the excessed areas allotted herein; that Staff witness Henderson's recommendation set out in Exhibit RMH-6 at page 15 that the Cooperative file with the Clerk of the Commission an appropriate application for consideration of Incremental Load Growth, Schedule ILG-e, a special rate the Cooperative proposes to offer to serve Arbortech, Inc., a new consumer constructing a wood products facility in the excessed area of Fort Pickett, is reasonable and is accepted; that the Cooperative should apply its currently effective tariffs on file with the Commission to any customers served under tariffs that are subject to the Commission's jurisdiction and who are located

within the retained and excessed areas of the territory allotted herein; that consistent with Staff witness Henderson's recommendation in Exhibit No. RMH-6 at 17, the Cooperative should file an application, if appropriate, pursuant to Chapter 5 (§ 56-88 et seq.) of Title 56 of the Code of Virginia for any electric facilities it acquires within the territory allotted herein; and that upon filing the appropriate revised maps with the Division of Energy Regulation, certificates of public convenience and necessity should be issued to Southside, authorizing it to construct, own, and operate electric facilities and to provide electric service within the territory known as Fort Pickett, including the excessed area, but excluding the property upon which the National Guard Armory is located within Fort Pickett. The territory allotted to Southside within Fort Pickett shall be subject to the agreement between the Town and Southside that the Town may build and operate a distribution line and may provide electric power for an indefinite period of time as shall be determined by the Town to the Town's water and sewer plants located at the following street addresses: Building 3430, Garnett Avenue, Fort Pickett, Virginia 23824 and Building 2010, Garnett Avenue, Fort Pickett, Virginia 23824. We further find the parties' agreement that the Town shall not serve any other customers who are located within any portion of Southside's certificated service territory from



the distribution line to the Town's water and sewer plants to be reasonable.

Accordingly, IT IS ORDERED THAT:

(1) The Town's and Southside's September 11, 2000, Joint Motion is hereby granted, and the supplemental exhibit filed as an Attachment to that Motion is hereby made a part of the record in this matter as Supplemental Exhibit No. 10.

(2) Consistent with the findings made herein, Southside is authorized to provide electric service within and to construct, enlarge or acquire, by lease or otherwise, facilities in the territory known as Fort Pickett, located in Dinwiddie, Nottoway, and Brunswick Counties, Virginia, as well as the territory designated as the excessed area located in Nottoway County. Excluded from the service territory allotted herein is the National Guard Armory, located at the juncture of Routes 40 and 668 within Fort Pickett, as shown on the map, appearing as Attachment 2 to Exhibit No. JLP-7. The territorial allotment made herein is further subject to the agreement between the Town and Southside identified as Supplemental Exhibit No. 10, that the Town may build and operate a distribution line and may provide electric power for an indefinite period of time as shall be determined by the Town of Blackstone to the Town's water and sewer plants located at the following street addresses:  
Building 3430, Garnett Avenue, Fort Pickett, Virginia 23824 and

Building 2010, Garnett Avenue, Fort Pickett, Virginia 23824. In accordance with this agreement, the Town shall not serve any other customers who are located within any portion of Southside's certificated service territory from the distribution line to the Town's water and sewer plants located at the addresses set forth above.

(3) Upon Southside's filing of an appropriate revised map with the Division of Energy Regulation, Southside's Certificate of Public Convenience and Necessity No. E-T47, granted on December 9, 1977, shall be canceled and new Certificate of Public Convenience No. E-T47 shall be issued to Southside Electric Cooperative, authorizing it to furnish electric service as shown on Map No. T47, as revised in accordance with this Order.

(4) Upon Southside's filing of an appropriate revised map with the Division of Energy Regulation, Southside's Certificate of Public Convenience and Necessity No. E-T48, granted on December 9, 1977, shall be canceled, and new Certificate of Public Convenience and Necessity No. E-T48 shall be issued to Southside Electric Cooperative, authorizing it furnish electric service as shown on Map No. T48, as revised in accordance with this Order.

(5) Upon Southside's filing of an appropriate revised map with the Division of Energy Regulation, Southside's Certificate

of Public Convenience and Necessity No. E-U47, granted on December 9, 1977, shall be canceled, and new Certificate of Public Convenience and Necessity No. E-U47 shall be issued to Southside Electric Cooperative, authorizing it to furnish electric service as shown on Map No. U47, as revised in accordance with this Order.

(6) Upon Southside's filing of an appropriate revised map with the Division of Energy Regulation, Southside's Certificate of Public Convenience and Necessity No. E-U48, granted on December 9, 1977, shall be canceled, and new Certificate of Public Convenience and Necessity No. E-U48 shall be issued to Southside Electric Cooperative, authorizing it to furnish electric service as shown on Map No. U48, as revised in accordance with this Order.

(7) Southside shall file an application under Chapter 5 of the Utility Transfers Act, (§ 56-88 et seq.) of Title 56, if appropriate, relating to its acquisition of utility facilities within the territory allotted herein.

(8) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein made a part of the Commission's file for ended causes.